


**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** SEP 14 2007

**SUBJECT:** Fiscal Impact Statement (Revised): "Child Support Compliance Amendment Act of 2007"

**REFERENCE:** Draft Bill – No Number Assigned

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**Conclusion**

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The Office of the Attorney General (OAG) will reprogram funds from customer service and community outreach functions to the medical support unit to fund the proposed bill in FY 2008. OAG can and will reprogram sufficient funding from customer service and community outreach functions for FY 2009 through 2011, if the Mayor and Council do not approve a technical adjustment to cover the baseline cost of the proposed bill for FY 2009 through FY 2011.

**Background**

The proposed legislation would implement new federal requirements applied to the District's child support program pursuant to the Deficit Reduction Act of 2005 (DRA).<sup>1</sup> The DRA requires states, among other things, to enact laws that mandate the implementation of enhanced procedures for the establishment of medical support and require the review and modification of child support orders every three years in public assistance cases where there has been an assignment of child support rights.

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<sup>1</sup> Approved February 8, 2006 (120 Stat. 147; Pub. L. 109-171). If the Council does not implement the law, the District will be out of compliance with federal requirements, and federal funding for the program will be jeopardized. All states and the District are required to implement the provisions of the Deficit Reduction Act.

The proposed legislation would amend Title 16 of the District of Columbia Official Code and the Medical Support Establishment and Enforcement Amendment Act of 2005,<sup>2</sup> to incorporate these new federal requirements into District law.

The intent of the proposed legislation is to continue funding for the District's child support program and Temporary Assistance for Needy Families (TANF) block grants, which depends on the District's timely compliance with federal child support requirements.<sup>3</sup>

To satisfy federal time frames, this legislation must be enacted and the associated procedures implemented by April 1, 2008.

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The Office of the Attorney General (OAG) will reprogram funds from customer service and community outreach functions to the medical support unit to fund the proposed bill in FY 2008. OAG will request a technical amendment to their out-year budget requests to cover the baseline cost of the proposed bill for FY 2009 through FY 2011. If the Mayor and Council do not approve this technical amendment, OAG will reprogram sufficient baseline funding from customer service and community outreach functions for FY 2009 through FY 2011.

Costs associated with implementing the proposed legislation are attributable to additional staffing and automation needed to meet the responsibilities associated with the three year review and adjustment required by the DRA. Additional staff required to implement the proposed legislation include three Support Enforcement Specialists in the Enforcement Unit and an additional paralegal in the Legal Services Section. The Enforcement Specialists would be tasked with reviewing child support orders and the current salary and asset information of the custodial and non-custodial parents. If the financial information has changed enough to warrant an increase in child support payments, the Enforcement Specialists would submit paperwork to the Legal Services Section requesting a modification. An additional paralegal in the Legal Services Section would be needed to prepare the request to modify a child support order for court.

As shown in the table below, costs increase significantly in FY 2009 as OAG anticipates that at that time they will implement an automated review and adjustment process, which will have a start-up cost of \$250,000 (34% of that being the District's net cost after federal reimbursement). This would enable OAG to reduce the number of Enforcement Specialists from 3 to 1 beginning in FY 2009, which would result in lower out-year costs after FY 2009.

Implementation of the proposed legislation may generate out-year savings for the District. A Congressional Budget Office (CBO) official cost estimate<sup>4</sup> states that the federal government is likely to generate savings through the review and adjustment of child support orders as mandated

<sup>2</sup> Effective March 30, 2004. D.C. Law 15-130; D.C. Official Code § 46-251.01 *et seq.*)

<sup>3</sup> See 45 CFR § 305.61 and 305.63.

<sup>4</sup> Congressional Budget Office. 2006. *Cost Estimate: S. 1932, Deficit Reduction Act of 2005*. January 27. Web-accessible at <http://www.cbo.gov/ftpdocs/70xx/doc7028/s1932conf.pdf>

by DRA. The District may realize savings through the implementation of this bill as well; however, actual or projected savings cannot be quantified at this time.

Estimated Revenue Impact to the Financial Plan					
	FY 2008	FY 2009	FY 2010	FY 2011	4-Year Total
<b>Budget Authority Needed</b>	\$236,000	\$379,040	\$125,080	\$128,620	\$868,740
<b>Net Costs After Federal Reimbursements*</b>	\$80,240	\$128,874	\$42,527	\$43,731	\$295,372

\* Additional costs listed in this row only represent the District's portion of the net cost, *after* taking into account federal reimbursements. For example, the *total* cost (federal plus District) of additional employees in FY 2008 would be \$236,000 (as shown in the first row) and the District's portion would be 34% of that amount (\$80,240). Therefore, the District would require budget authority for the federal portion as well (amounts shown in the first row). Federal reimbursements (66% of the total) would be made on a quarterly basis. Costs for each employee include an additional 18% for benefits, and include an additional 3% annually for inflation.